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HOUSE BILL 284

**48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008**

INTRODUCED BY

Jim R. Trujillo

AN ACT

RELATING TO TAXATION; ENACTING A NEW SECTION OF THE INCOME TAX ACT TO PROVIDE A TAX CREDIT FOR PURCHASE AND INSTALLATION OF AN ADVANCED TREATMENT ON-SITE LIQUID WASTE DISPOSAL SYSTEM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] CREDIT FOR PURCHASE OF LIQUID WASTE DISPOSAL SYSTEM.--

A. A taxpayer who is a resident of New Mexico, who files an individual New Mexico income tax return and who is not a dependent of another taxpayer may claim a credit not to exceed two thousand five hundred dollars (\$2,500) for costs incurred for purchase and installation of an eligible liquid waste disposal system installed on property owned and occupied

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1 by the taxpayer as the taxpayer's principal place of residence.

2 B. To be eligible for the credit, the liquid waste  
3 disposal system must comply with the liquid waste disposal and  
4 treatment regulations of the department of environment and must  
5 be installed by a qualifying contractor as determined by the  
6 department of environment.

7 C. To claim the credit provided by this section,  
8 the taxpayer must furnish, in a form to be determined by the  
9 taxation and revenue department, certification from the  
10 department of environment that the taxpayer's liquid waste  
11 disposal system complies with department of environment  
12 regulations and was installed by a qualifying contractor.

13 D. A taxpayer may deduct the credit provided by  
14 this section from the taxpayer's income tax liability for the  
15 taxable year in which the cost was incurred. If the amount of  
16 the credit exceeds the taxpayer's income tax liability, the  
17 excess credit may be carried forward for up to three years.

18 E. A husband and wife who file separate returns for  
19 a taxable year in which they could have filed a joint return  
20 may each claim only one-half of the credit that would have been  
21 allowed on a joint return.

22 F. As used in this section, "liquid waste disposal  
23 system" means an advanced treatment on-site liquid waste  
24 disposal system that uses any process of wastewater treatment  
25 that removes a greater amount of contaminant than is

.171497.1

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accomplished through primary treatment."

Section 2. APPLICABILITY.--The provisions of this act apply to taxable years beginning on or after January 1, 2008.